

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

UNSTARRED QUESTION NO:5349
ANSWERED ON:29.04.2005
POWER TARIFF POLICY
Nikhil Kumar Shri

Will the Minister of POWER be pleased to state:

- (a) whether the Government has decided to reduce cross subsidy on electricity for consumers above poverty level in the Country;
- (b) if so, the details thereof;
- (c) whether new power tariff policy have been formulated by the Power Ministry recently;
- (d) if so, the details thereof; and
- (e) the extent to which the State Governments have agreed to implement the said scheme?

Answer

THE MINISTER OF POWER(SHRI P.M. SAYEED)

(a) & (b) : The National Electricity Policy notified on 12.2.2005 provides that

‘A minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consume below a specified level, say 30 units per month, may receive special support in terms of tariff which are cross-subsidized. Tariffs for such designated group of consumers will be at least 50 % of the average (overall) cost of supply.’

‘The existing cross-subsidies for other categories of consumers would need to be reduced progressively and gradually.’

(c) to (e) : Under the provisions of section 3 of the Electricity Act, 2003, the Central Government is required to prepare a tariff policy in consultation with the State Governments. A draft policy has accordingly been prepared on which comments of various State Governments have been obtained. The draft tariff policy lays down approach for determination of the tariffs for the generation, transmission and distribution of electricity.